GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:86
ANSWERED ON:26.02.2008
SETTING UP OF VILLAGE INDUSTRIES
Jagannath Dr. M.

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the various initiatives taken by the Government for promoting and setting up of cottage/village industries and micro enterprises in rural and semi urban areas during each of the last three years, State and Union Territory (UT)-wise;

(b) the targets fixed and achievements made during the said period, State-wise;

(c) the total amount of subsidy given to the entrepreneurs for setting up of industries during the said period, State-wise and UT-wise;

(d) the total amount earmarked, sanctioned and utilised during the above said period; and

(e) the various measures proposed to be taken to encourage unemployed youth to set up industries in rural and semi urban areas?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a): Industries in the rural areas of the country are promoted by the Government (in the Ministry of Micro, Small and Medium Enterprises) through two credit-linked subsidy schemes, namely, the Rural Employment Generation Programme (REGP), implemented by the Government through the Khadi and Village Industries Commission (KVIC) and the Pradhan Mantri Rojgar Yojana (PMRY), implemented through the States and Union Territories. Approximately, fifty per cent of the units established under PMRY (implemented in both rural and urban areas) are estimated to be in rural areas.

(b): The State/UT - wise details of targets fixed for setting up of village industry units under REGP during 2004-05, 2005-06 and 2006-07 and the achievements made are given at Annex. I. Similarly, the State/UT - wise details of targets fixed for setting up self employment ventures under PMRY during 2004-05, 2005-06 and 2006-07 and the achievements made are given Annex. II.

(c): REGP is a Central Sector scheme and the approved grants for the scheme are released to the KVIC which, in turn, releases the funds (towards margin money assistance) to the banks against the projects sanctioned in each State/Union Territory (UT). The State/UT - wise details of margin money assistance provided by KVIC under the REGP during 2004-05, 2005-06 and 2006-07 are given at Annex III. Under the PMRY, allocation of the subsidy and release of funds are based on the targets for States/UTs. The subsidy amount is released directly to the Reserve Bank of India (RBI), which, in turn, releases the necessary amounts to the implementing banks. The amounts of subsidy released to the RBI during 2004-05, 2005-06 and 2006-07 under PMRY are given below:

Year	Subsidy released under PMRY (Rs. crore)
2004-05	190.48
2005-06	251.36
2006-07	228.82

RBI releases these funds to the implementing banks for crediting the amounts in to the accounts of beneficiaries of the scheme. Hence, the State-wise details of funds released for subsidy are not available. However, State wise details of cases of loans disbursed during 2004-05, 2005-06 and 2006-07 are given at Annex II.

(d): Funds earmarked and funds spent (released) under REGP during 2004-05, 2005-06 and 2006-07 are given below:

(Rs. crore)

Year	Funds earmarked and sanctioned	Funds spent by KVIC
2004-05	326.00	292.40
2005-06	376.86	320.96
2006-07	372.63	349.79

Similarly, funds earmarked and funds spent (released) under PMRY during 2004-05, 2005-06 and 2006-07 are given below:

(Rs. crore)

Year	Funds Earmarked (RE)	Funds Released
2004-05	218.90	218.17
2005-06	273.46	272.47
2006-07	252.60	248.51

(e): As regards various initiatives undertaken for promoting the setting up of village industry units under the REGP in the rural and semi urban areas, convergence has been established by KVIC with Ministry of Women and Child Development (MWCD). Financial assistance is also provided under REGP for various backward forward linkages such as Entrepreneurship Development Programme, marketing, organising awareness camps, etc. KVIC has entered into a Memorandum of Understanding (MoU) with the MWCD, for the benefit of women entrepreneurs under REGP. As per MoU, KVIC and MWCD have agreed to work together for generating employment opportunities for rural women, through REGP and also for marketing their products. KVIC has also established convergence with various other organisations such as Army Wives Welfare Association, Nehru Yuva Kendra Sangathan for the benefit of rural entrepreneurs to create awareness among them about REGP scheme and in the creation of market avenues under REGP. Besides, Rural Industries Service Centre (RISC) scheme has been introduced for providing assistance in setting up common facility centres (CFC) to provide infrastructural facility and services in manufacturing, testing / quality control, maintenance, etc. As regards PMRY, besides strengthening implementation procedures, in order to improve its effectiveness, the design parameters have been enhanced in terms of family income limits for eligibility, project cost ceiling, corresponding ceiling of subsidies, rates of assistance to States/UTs towards training of beneficiaries before and after selection, etc. with effect from 2007-08.